

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 NEA-10 ISO-00 IO-13 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-07 CEA-01 L-03 H-01 PA-01 /129 W
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R 241139Z APR 78
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 6859
INFO AMEMBASSY MANILA
AMEMBASSY PARIS

C O N F I D E N T I A L ISLAMABAD 4018

PARIS FOR USOECD, MANILA FOR ADB

E.O. 11652: GDS
TAGS: EFIN, EAID, PK
SUBJECT: PAKISTAN TO PRESENT DEBT RESCHEDULING PROPOSAL APRIL 29

1. MAKHDOON CHAUDHRY, DEPUTY SECRETARY FOR DEBT, ECONOMIC AFFAIRS DIVISION, TOLD US TODAY THAT THE GOP MEMO FOR THE CONSORTIUM ON DEBT RESCHEDULING WILL BE PRESENTED TO CONSORTIUM AMBASSADORS ON APRIL 29.

2. HE SAID THAT PAKISTAN WOULD ASK FOR APPROXIMATELY 60 PERCENT OF THE NEXT FOUR YEAR'S DEBT SERVICE TO BE RESCHEDULED ALONG THE LINES OF THE 1974 ARRANGEMENT. IF ALL CREDITORS AGREE TO THESE TERMS, THE RELIEF PROVIDED IN PFY 1979 WOULD BE \$369 MILLION, WHICH WOULD COVER THE GOP'S PROJECTED GAP, WHICH CHAUDHRY TELLS US IS \$300 MILLION. OF THE \$369 MILLION \$84 MILLION WOULD COME FROM THE UNITED STATES. THE APRIL 29 MEETING WILL BE THE FIRST OF TWO MEETINGS BETWEEN GOP OFFICIALS AND CONSORTIUM AMBASSADORS. THIS FIRST MEETING WILL BE LIMITED TO A DISCUSSION OF PAKISTAN'S REQUEST FOR DEBT RELIEF AND THE SECOND MEETING, TO BE HELD ABOUT THE MIDDLE OF MAY, WILL DISCUSS PAKISTAN'S REQUEST FOR ORDINARY
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AID.

3. CHAUDHRY WAS OPTIMISTIC THAT PAKISTAN'S REQUEST FOR DEBT RESCHEDULING WOULD RECEIVE A FAVORABLE RESPONSE FROM CONSORTIUM MEMBERS. HE SAID SEVERAL COUNTRIES WERE ALREADY IN FAVOR OF SUCH A MOVE AND THAT THE COUNTRIES PAKISTAN WOULD HAVE TO CONVINCE WERE THE US, JAPAN AND THE FRG.

4. HE SAID HE HOPED THE GOP OFFICIALS COULD TRAVEL TO THESE
COUNTRIES' CAPITALS IN EARLY MAY TO ARGUE PAKISTAN'S CASE FOR
DEBT RESCHEDULING.
HUMMEL

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Message Attributes

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